Government of Saskatchewan

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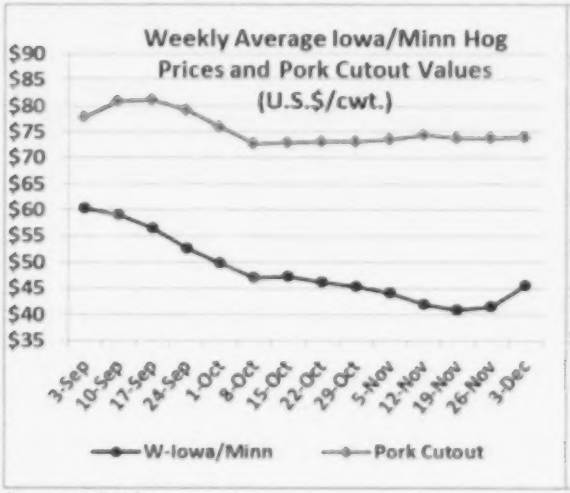
Weekly Hog Report

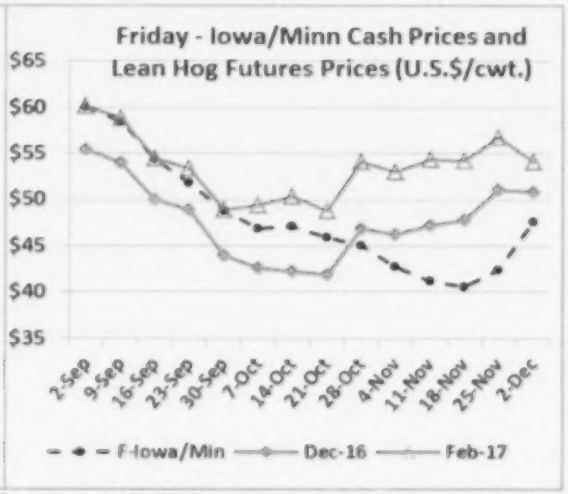
December 5, 2016

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) moved higher over the week. Hog prices on Friday December 2 averaged US$47.54 per cwt, up US$5.23 per cwt or 12.4 per cent from US$42.31 per cwt the previous Friday. The negotiated weekly base price last week averaged US$45.51 per cwt, up US$3.98 per cwt or 9.6 per cent from US$41.53 per cwt the previous week. The higher prices last week were likely a surprise considering the new all-time high record weekly U.S. hog slaughter numbers.



Source: LMIC



Source: LMIC, CME

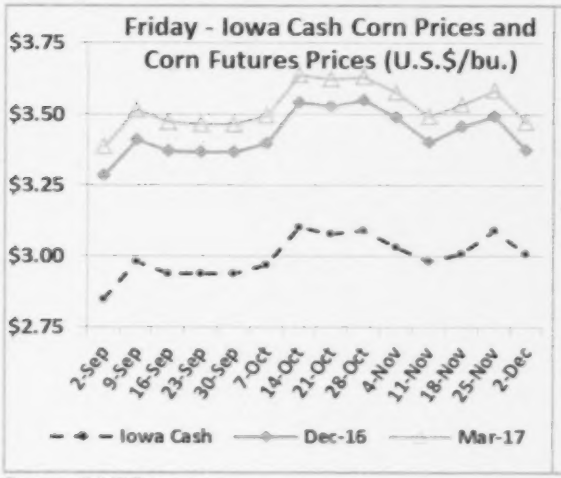
In Canada, the new contract Signature#5 (Maple Leaf) Index 100 daily price for Friday December 2, 2016 was $117.87 per ckg, up $5.32 per ckg or 4.7 per cent from $112.55 per ckg the previous Friday. Signature#5 weekly prices (Friday to Thursday) averaged $115.86 per ckg, up $4.17 per ckg or 3.7 per cent from the previous weeks' average price of $111.69 per ckg. The Canadian dollar was stronger last week on higher crude oil prices. The Canadian dollar settled Friday at 75.28 cents, up 1.35 cents from 73.93 cents the previous Friday.

Futures Markets

United States lean hog futures daily prices were primarily lower over the week to end the week lower; week-over-week. The nearby December contract declined US$0.300 per cwt to settle Friday at US$50.750 per cwt. The February 2017 lean hog futures contract declined US$2.725 per cwt last week to settle Friday at US$54.025 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were mixed last week. Weighted average cash prices for iso-weans (12lb) last week were US$37.82 per head, up US$0.75 per head from US$37.07 per head the previous week. Feeders (40lb) averaged US$38.52 per head, down US$0.79 per head from US$39.31 per head, the previous week.



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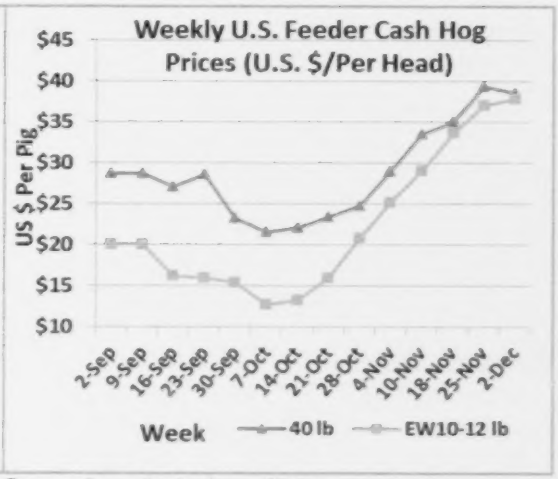


Source: Iowa Agriculture, CME

U.S. corn prices were lower last week. Iowa cash corn prices declined eight cents last week to settle Friday at US$3.01 per bushel. Daily U.S. corn futures prices were mixed but primarily lower last week to end lower, week-over-week. The December corn futures contract declined almost 12 cents to settle Friday at US$3.37 ½ per bushel, while the March 2017 corn contract declined 11 cents per bushel to settle Friday at US$3.47 ¼ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending December 3 were estimated at a **new all-time record high 2.540 million head**, up 18.0 per cent from 2.152 million head the previous shorter week, and up 4.8 per cent from 2.424 million head the same week a year ago. U.S. weekly hog slaughter numbers over the last four weeks ending December 3 averaged 2.419 million head per week, up 3.8 per cent from 2.330 million head the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending Nov. 26, 2016 were estimated at 450,360 head, down 2.3 per cent from 461,087 head the previous week, but up 2.4 per cent from 439,940 head the same week a year ago. Canadian hog slaughter numbers over the last four weeks averaged 443,748 head, up 3.6 per cent from 428,143 head over the same period in 2015. Year-to-date for 2016, hogs slaughtered in Canada totaled 19,292,127 head, up 2.1 per cent from 19,888,907 head the same period in 2015. (Source: Agriculture and Agri Food Canada/Canadian Food Inspection Agency)

Meat Production

U.S. pork production for the week ending December 3, 2016 was estimated at 537.0 million lb., up 18.0 per cent from 454.9 million lb. the previous U.S. Thanksgiving week, and up 3.5 per cent from 518.7 million lb. the same week a year ago. Weekly U.S. pork production **established a new all-time record high**, breaking the previous record from two weeks ago. Pork production over the last four week's ending December 3 was estimated to average 511.6 million lb., up 4.2 per cent from 490.9 million lb. over the same four week period a year ago.

U.S. beef production for the week ending December 3 was estimated at 517.5 million lb., up 11.9 per cent from 462.5 million lb. the previous shorter week, and up 10.6 per cent from 467.8 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending November 26, 2016, was estimated to average 2.088 billion lb., up 4.5 per cent from 1.998 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2016 is estimated to be up 2.8 per cent compared to the same period in 2015.

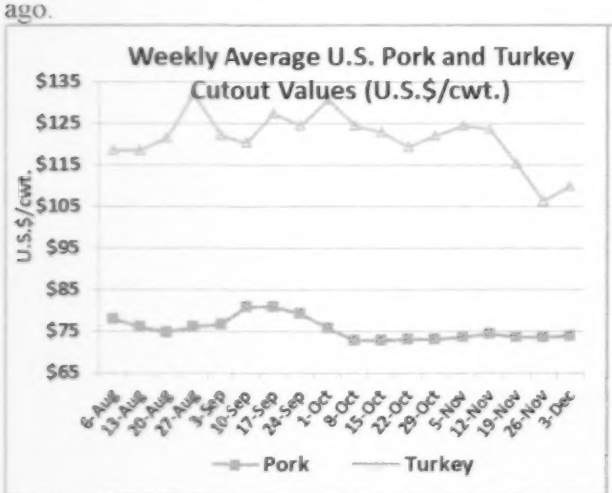
United States Weekly Meat Production

(Nov. 26) Four Week Average - Million Lb.			Percent Change	
	2015	2016	4 Week	YTD 2016
Pork	493.8	511.1	3.5%	1.3%
Beef	454.8	505.2	11.1%	5.4%
Chicken	923.5	938.8	1.7%	2.0%
Turkey	126.1	133.4	5.7%	4.7%
Total	**1,998.2**	**2,088.4**	**4.51%**	**2.77%**

Source: LMIC

Cutout Values

U.S. national pork cutout values for the week ending December 3, 2016 averaged US$73.92 per cwt, up 0.4 per cent or US$0.27 per cwt from US$73.65 per cwt the previous week, and up 0.8 per cent from US$73.36 per cwt from the same week a year ago.



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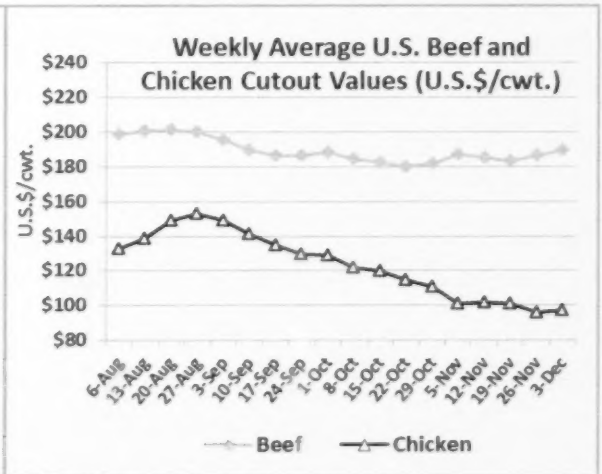

Source: LMIC

Pork cutout values have been relatively steady over the last six weeks and are close to year ago prices. Cash slaughter weight hog prices have however been steadily declining since the summer; until the rebound over the last two weeks.

Choice beef cutout prices (600-900 lb.) for the week ending December 3, 2016 averaged US$189.55 per cwt over the week, up US$3.26 per cwt or 1.7 per cent from US$186.29 per cwt the previous week, but down 7.1 per cent from US$204.13 per cwt the same week a year ago. U.S. beef cutout values have moved higher the last two weeks helping cattle prices in the cash markets.

Average chicken cutout values (breast) for the week ending December 3, 2016 averaged US$96.95 per cwt, up US$1.05 per cwt or 1.1 per cent from US$95.90 per cwt the previous week, but down 7.8 per cent from US$105.12 per cwt the same week a year ago.

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